MINUTES - REGULAR MEETING
SANTA MARIA CITY COUNCIL

CITY HALL COUNCIL CHAMBERS
SANTA MARIA, CALIFORNIA

FEBRUARY 21, 2017

CALL TO ORDER:
Mayor Patino called the meeting to order at 5:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino.

STAFF MEMBERS PRESENT
City Manager Haydon, City Attorney Trujillo, and Chief Deputy City Clerk Garietz.

PUBLIC COMMENT:
There were no requests to speak.

RECESS:
Mayor Patino recessed to a Closed Session at 5:30 p.m. for:

1) CONFERENCE WITH REAL PROPERTY NEGOTIATORS pursuant to Section 54956.8 of the Government Code. Property: Keysite 2, APN 129-280-001, Sale of Supplemental Water; Agency negotiator: Shad Springer, Director of Utilities; Negotiating parties: City of Santa Maria and Capital Pacific Development Group, Inc.; Negotiating: Price and terms of payment

2) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION pursuant to Section 54956.9 of the Government Code: significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9 of the Government Code: one potential case.

3) CONFERENCE WITH LABOR NEGOTIATORS pursuant to Section 54957.6 of the Government Code. Agency representatives: City Manager and Director of Human Resources & Records; Employee Organizations: Santa Maria Police Association of Middle Management (SMPAMM) and Public Safety Manager (PSM).

INVOCATION:
Pastor Dave Brogren of Heritage Church gave the Invocation.

PLEDGE OF ALLEGIANCE TO THE FLAG:
Councilmember Cordero led the Pledge of Allegiance.

RECONVENE THE MEETING AND CALL TO ORDER:
Mayor Patino reconvened the meeting and called the meeting to order at 6:30 p.m.

ROLL CALL:
MEMBERS PRESENT
Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino.

STAFF MEMBERS PRESENT
City Manager Haydon, City Attorney Trujillo, Director of Human Resources & Records Anderson, Fire Chief Champion, Police Chief Martin, Director of Finance Harvey, City Librarian Housel, Director of Community Development Ng, Director of Recreation & Parks Posada, Assistant City Attorney Sinco, Director of Utilities Springer, Deputy City Manager Stilwell, and Chief Deputy City Clerk Garietz.

CLOSED SESSION REPORT:
Following the Closed Session, the City Attorney announced that there was no reportable action for each of the three Closed Session items.

1. PROCLAMATIONS/COMMENDATIONS/PRESENTATIONS:

A. RECREATION & PARKS COMMISSIONER – KIRK SPRY COMMENDATION
Councilmember Waterfield presented Resolution No. 2017-13 thanking and commending Recreation & Parks Commissioner, Kirk Spry, for 20 years of service with the Commission, which was adopted on motion by Councilmember Waterfield, seconded by Councilmember Boysen, and carried on the following vote: 5-0

AYES:	Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino
NOES:	None
ABSENT:	None
ABSTAIN:	None

Resolution No. 2017-13 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, COMMENDING RECREATION & PARKS COMMISSIONER KIRK SPRY FOR HIS YEARS OF OUTSTANDING SERVICE TO THE CITY OF SANTA MARIA.

B. RECREATION & PARKS COMMISSIONER – HENRY GRENNAN COMMENDATION
Mayor Patino presented Resolution No. 2017-14 thanking and commending Recreation & Parks Commissioner, Henry Grennan, for 29 years of service with the Commission, which was adopted on motion by Mayor Patino, seconded by Councilmember Waterfield, and carried on the following vote: 5-0

AYES: Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2017-14 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, COMMENDING RECREATION & PARKS COMMISSIONER HENRY M. GRENNAN FOR HIS YEARS OF OUTSTANDING SERVICE TO THE CITY OF SANTA MARIA.

C. PROCLAMATION – FUTURE FARMERS OF AMERICA WEEK
Councilmember Cordero presented a proclamation in honor of Future Farmers of America (FFA) Week, February 20-25, 2017. Mariana DeLeon, President of the local FFA Chapter, accepted the proclamation along with a fellow members and officers of the local FFA Chapter.

2. PUBLIC COMMENT PERIOD
Joelyn Lutz representing Won Heart, invited everyone to the 6th International Women's Day Event at Allan Hancock College on March 8th from 11:00 a.m. to 1:00 p.m.

3. CONSENT CALENDAR:
Councilmember Waterfield announced she would abstain from voting on Item 3F (Warrants) due to a financial conflict of interest.

Chief Deputy City Clerk Garietz requested an amendment to the minutes from the February 7, 2017, Council meeting replacing the words "Mayor Patino gave the legally required oral report" in the first sentence of Item 3, Consent Calendar, with the words "Mayor Patino provided the oral report as required by GC 54953(c)(3)."

Consent Calendar Items 3A through 3I (except Item 3F) were approved, inclusive of the amendment to the minutes as reported by Chief Deputy City Clerk Garietz, on motion by Councilmember Boysen, seconded by Councilmember Cordero, and carried on the following vote: 5-0

AYES: Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: None

Consent Calendar Item 3F (Warrants) was approved on motion by Councilmember Boysen, seconded by Councilmember Cordero, and carried on the following vote: 4-0-1

AYES: Councilmembers Boysen, Cordero, Moats, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: Councilmember Waterfield

A. ORDINANCES
The reading in full of all ordinances and resolutions was waived. Ordinances on the Consent Calendar were adopted by the same vote cast at the first reading unless City Council indicated otherwise.

B. MINUTES
The Minutes of the regular Meeting of the City Council of February 7, 2017, were approved as submitted.

C. WAVE BUSINESS SOLUTIONS AGREEMENT AMENDMENT
Resolution No. 2017-15 was adopted approving the first amendment to the Service Swap Agreement with Wave Business Solutions regarding the City's Broadband Network Telecommunications project.

Resolution No. 2017-15 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING THE FIRST AMENDMENT TO THE SERVICE SWAP AGREEMENT WITH WAVE BUSINESS SOLUTIONS.

D. BRADLEY ROAD REALIGNMENT & PUBLIC IMPROVEMENTS
The City Council accepted as complete the public improvements associated with Bradley Road realignment from Battles Road to Betteravia Road for Enos Ranchos, Tract 6000, with the exclusion of the storm drains; and authorized the reduction of Faithful Performance Bond (#0690030) posted in the form of a Surety to guarantee the construction and installation of public improvements in the amount of $6,772,366.00 to the reduced amount of $4,719,569.42.

E. NOVATION FOR HANCOCK TERRACE APARTMENTS
Resolution No. 2017-16 was adopted approving a novation to substitute Gateway Associates, LP in place of HT Partners, LP as the legally responsible party for payment of the traffic impact mitigation fees required for the Hancock Terrace Apartments project.

Resolution No. 2017-16 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING A NOVATION REGARDING THE PAYMENT OF TRAFFIC IMPACT MITIGATION FEES IMPOSED ON THE HANCOCK TERRACE PROJECT (DSPDR2012-001) AS AMENDED BY DT2016-0081.

F. WARRANTS
Warrant Nos. 205446 to 205723 totaling $3,505,000.57 were ordered ratified subject to having been certified as being in conformity with the budget and having been approved for payment by the Director of Finance. Warrant Nos. 203577, 205011, 205049, 205126, 205684, and 205598 were cancelled.

G. PAYROLL
Payment of payroll was ordered ratified subject to having been certified by the proper Department Heads, as shown on records on file in the Department of Finance and having been approved for payment by the Director of Finance.

H. AGREEMENT WITH ELKS RECREATION FOR TRAINING AT UNOCAL EVENT CENTER
Resolution No. 2017-17 was adopted authorizing the City of Santa Maria Police Department to enter into an agreement with Elks Recreation, Inc., for use of the Unocal Event Center as a canine training site; and authorizing the Chief of Police, or his designee, to enter into extensions and amendments consistent with the terms of the agreement.

Resolution No. 2017-17 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING RENTAL AGREEMENT BETWEEN THE CITY OF SANTA MARIA AND ELKS RECREATION, INC.

I. APPLICATION TO WATER RESOURCES CONTROL BOARD FOR PROP 1 GRANT
Resolution No. 2017-18 was adopted authorizing the Director of Utilities to file an application to the State Water Resources Control Board for a Main Street Subwatershed Improvement Project; and authorizing the Director of Finance to appropriate the funds.

Resolution No. 2017-18 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, AUTHORIZING AND DIRECTING THE DIRECTOR OF UTILITIES TO ENTER INTO AN AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD FOR A PROPOSITION 1 STORM WATER PROGRAM GRANT FOR THE MAIN STREET SUBWATERSHED IMPROVEMENT PROJECT.

4. SOBHANI GENERAL PLAN LAND USE AND ZONING MAP AMENDMENT AT 402 FARNEL ROAD. The City Council considered a recommendation of the Planning Commission to approve: 1) a Negative Declaration; 2) a General Plan Land Use Map Amendment at 402 Farnel Road to designate a 1.8 acre site **FROM** LI (Light Industrial) **TO** CPO (Commercial/Professional Office) land use classification; and 3) amending the Zoning Map for the 1.8 acre site **FROM** PD/M-1 (Planned Development/Light Manufacturing) **TO** CPO (Commercial/ Professional Office) zoning district.

Director of Community Development Ng gave a presentation as detailed in the Council Agenda Report. The proposed amendment would change the land use from Light Industrial to Commercial/Professional. The site is located at the west end of Cook Street, a block off of South Blosser Road. The Santa Barbara County Education Office uses portions of the current building for administrative offices, a gymnasium, and conference facilities. The applicant is in discussions with Community Health Centers (CHC) to place a clinic in the vacant portion of the building. Staff has evaluated the parking opportunities with the building and determined that 40 spaces are currently

allotted to the County and 44 spaces would be available to CHC. If Santa Barbara County vacates the building at any time, the property owner would have to take the 40 spaces left behind into consideration when placing another tenant. That tenant would need to be a lower-intensity use requiring less parking. Future uses and parking will be regulated and enforced through a Planned Development Permit and the Planning Commission. At its regular meeting on January 25, 2017, the Planning Commission voted 3-2 (Noes: Commissioners Lopez and Seifert) to recommend that the City Council adopt resolutions approving a Negative Declaration and General Plan Land Use and Zoning Map Amendment. Commissioners Lopez and Seifert were concerned about potential parking issues with the proposed project. Mr. Ng stated that based on the square footage of the building, the number of current available parking spaces would meet the needs of the clinic. The clinic would house one doctor and one dentist along with support staff.

Councilmember Waterfield asked if there would be the potential of growth and increased staffing within the clinic.

Community Development Director Ng responded that it was his understanding that the plans only included one doctor, one dentist, and a few support staff.

Councilmember Boysen asked if the applicant would be able to get a reduction in parking should the property be approved for a zone change to Professional Office.

Community Development Director Ng responded that, with the PD overlay, flexibility was allowed regarding parking standards. Typically, with a stand-alone general zoning request, if it was vacant, staff would evaluate based on land use compatibility. But, in this case, there was Light Industrial use to the west and commercial to the east. Staff believed it to be an appropriate transitional zone for this parking arrangement emphasizing that Light Industrial use was typically for warehousing and storage which would decrease the parking ratio for land use.

Councilmember Boysen stated there was a reason for the requirement for 84 parking places for Light Industrial and 145 for Commercial Offices. He also said he had reviewed the video of the Planning Commission discussion on the item. At that time, they had talked about having a shared parking agreement with the Iglesia de Christo Church across the street at the end of Farnel Road. He asked if that was part of the item being considered this evening.

Community Development Director Ng responded that that agreement was not part of what was being considered this evening.

Councilmember Moats asked if any site visits had been conducted to see how many cars were parked in the lot. He also asked how many more years the contract with the County would be effective.

Community Development Director Ng responded that he had performed a site visit at 3:00 p.m. to take the photos presented during the meeting. The parking lot appeared to have about 40 cars in it. He deferred to the applicant to answer the question about the duration of the contract with the County.

Councilmember Boysen stated that there had been discussions about how the property was approved to be industrial zoning back in 1989.

Community Development Director Ng responded that staff was unable to locate a CUP for the existing use.

Councilmember Boysen expressed concern over the fact that the parking needs might exceed the number of allotted spaces.
Councilmember Moats asked if the County had agreed to stay within their 40 allotted parking spots.

Community Development Director Ng responded that the County had a set number of employees and a set number of students that did not drive. The calculated usage was based on that demand.

Councilmember Waterfield noted the Los Adobes de Maria II and III were located across the street and that properties surrounding the site were residential. She expressed concern about pedestrians having to cross Blosser to get to the medical center and, possibly, not wanting to walk to the pedestrian crosswalk to do so.

Applicant Comments
Applicant Morris Sobhani commented on behalf of his daughter who owns the building saying that the building was purchased about 15 years ago and Santa Barbara County Education was already using it. The Sobhani's understood there was a Conditional Use Permit on the building when they

purchased it. However, no one has been able to produce the CUP. Originally, when the building was built, Golden State University took the south half of the building and the north half was dedicated to County Education. He pointed out that the intersection of Cook and Blosser has a light signal and that he believed to be a sufficient pedestrian crossing. He explained that, on Farnel Road, there were five properties, the largest of which is a warehouse that does not generate any traffic. There is also a trucking & farm equipment company with no access to Farnel Road. On the corner, there is a church that does not generate any traffic during the week. One other building in the area is empty.

Mr. Sobhani agreed the parking did not meet the code exactly, but he said he felt the tenant's needs were being accommodated. He also pointed out that the rent would be lower at this location than what the medical clinic was paying at their current location. He closed his comments saying that traffic has never been a problem in the area and that each CHC location also had vans that brought patients in for their appointments occasionally which would help minimize parking requirements. In addition, Jose Guzman, representing CHC was in the process of negotiating a few additional parking spaces with the church.

Councilmember Waterfield asked if the intention was to keep only one dentist and one doctor at the location with no future expansion.

Councilmember Boysen asked if there had ever been anything else in the space.

Mr. Sobhani responded that there had been month-to-month tenants: a church music group and a shamrock seed company. He invited Jose Guzman, with CHC, to detail the plans for the Clinic.

Jose Guzman explained that the Clinic would offer pediatric and dental services up to 9:00 pm, Monday through Friday. There would be 18 staff members (2 dentists, 2 pediatricians, 4 medical assistants, 1 licensed vocational nurse, 1 hygienist, 4 registered dental assistants, and 4 receptionists) working at the location. The current CHC clinic on Blosser would become a 12-hour/day urgent care center open Monday through Saturday to help take some of the workload off the hospital. He stated he was working with the Iglesia de Cristo Church to secure 21 additional gated parking spaces for Clinic staff to park across the street. Mr. Guzman said he expected to be contacting the Church Pastor in two weeks to discuss the option further. He also said he anticipated 20-25 percent of the patients would be walking in with no need for parking.
Councilmember Waterfield asked if there was any space in the Walmart shopping center for the current CHC clinic to expand.

Mr. Guzman responded he did not know the answer to that, but the reason for choosing the Farnel site was that it was more economically feasible to operate there.

Written Communications
Chief Deputy City Clerk Garietz reported that Nu-tech Pest Management had written expressing concerns relating to a possibly incompatible mix of the types of businesses, potential parking issues, and safety problems.

Public Hearing
Mayor Patino opened the Public Hearing at 7:41 p.m., and immediately closed the hearing having no requests to speak.

Council Discussion
Councilmember Waterfield asked if there was street parking near the proposed CHC clinic and if rezoning from Light Industrial would make a big dent in the amount of available Light Industrial acreage in the City.

Mr. Sobhani responded that there was street parking, but he had been told he could not use it per the City's Code requirement.

Commenting on the question about Light Industrial acreage, Community Development Director Ng said the amount of Light Industrial land would be reduced, but the property had not been used as Light Industrial since 1989.

Debra Hood, representing the Santa Barbara County Education Office, commented that their lease had just been renewed on the site for 15 years and they had no plans to move.

Councilmember Boysen stated he had concerns about the parking. He also expressed concerns about the future of the neighborhood and any changes that might arise. He requested that a shared parking agreement be approved prior to approving the zone change.

Councilmember Waterfield agreed saying she thought it was important to protect the integrity of the City's zoning codes.

Councilmember Cordero also agreed he would like to see a parking agreement enacted with the Church. He stated he was concerned about people not using the crosswalk to reach the clinic, but rather just crossing in the middle of Blosser Road.

Councilmember Moats stated he did not see a big problem with the parking, and that he was in full support of the project.

Mayor Patino commented that, with consideration of future tenants in the building, she could not support the project with the current parking arrangement. She also felt it was important to have more than just the one crosswalk available to pedestrians.

This item was continued to a future meeting (date to be determined) until an agreement could be secured with the Church for additional parking, on motion by Councilmember Boysen, seconded by Councilmember Cordero, and carried on the following vote: 4-1

AYES: Councilmembers Boysen, Cordero, Waterfield, and Mayor Patino
NOES: Councilmember Moats
ABSENT: None
ABSTAIN: None

5. DISTRICT ELECTIONS. City Manager Haydon and City Attorney Trujillo gave a presentation as detailed in the Council Agenda Report. The City Council was asked to consider a recommendation by City staff to transition from an at-large election process to a district-based election process for City Councilmembers beginning with the 2018 General Municipal Election.

City Attorney Trujillo briefly reviewed the California Voting Rights Act (CVRA), the Federal Voting Rights Act (FVRA), legal issues, and the actual process to transition to district elections. On December 16, 2016, the City received a letter from a Santa Barbara-based attorney representing Hector Sanchez, an unsuccessful candidate in the November 2016 election, alleging that the City's at-large election system violated the CVRA. The letter threatened litigation should the City decline to voluntarily adopt district elections.

The CVRA applies to cities, school districts, and special districts and was passed in 2002 and signed into law by Governor Davis. The CVRA was motivated in part by a lack of success of plaintiffs prevailing in FVRA lawsuits. The CVRA made it easier to challenge at-large districts. Racially, polarized voting was viewed as the reason to pass the CVRA. In the early 1990's, the City of Santa Maria underwent a lawsuit alleging there had been a FVRA violation. The City incurred over $1 million in defense costs and it took ten years to successfully resolve this litigation in the City's favor. The City won the lawsuit because it was able to demonstrate that the electorate had elected minority Council members. A violation of the CVRA is established if racial polarized voting occurs; no causation is required. Polarized voting is determined through a statistical technique known as regression analysis. To get a legitimate account, one has to analyze at least three elections. The ultimate question under the CVRA is whether Latinos are able to elect their candidate of choice. Staff has researched this issue and, of the approximately 20 cities in California that have been sued, none have prevailed in such a lawsuit. All of them have paid significant attorney fees to settle their cases. Staff's recommendation would avoid incurring up to $1 million in defense costs.

The legislature adopted AB-350 which became effective on January 1, 2017. The Bill amended the Elections Code to address the extraordinary attorney fees that were being awarded to plaintiffs' attorneys. AB 350 caps attorney fees at $30,000, provided the City adopt a resolution of intention to transition to district elections after receiving a threat of litigation. In addition, once the resolution is adopted, the plaintiff is prohibited from filing a lawsuit for 90 days (May 22, 2017). A City may transition from an at-large to district-based election by ordinance. The Elections Code requires five public hearings to develop the composition of the districts. In 2018, the City of Santa Maria will have two (2) councilmember seats up for re-election. In 2020, the City will have two (2) more councilmember seats and one (1) mayoral seat in its election. The process of creating the districts could be completed by June 2017.

City Manager Haydon reiterated that cities in California that have been put in this situation were not able to successfully defend against the CVRA and ended up with expensive attorney fees. The City of Santa Barbara spent $800,000 defending its case, and the City of Palmdale spent $4.5 million in defense costs. From a purely financial perspective, the lawsuit comes at a time where the City of

Santa Maria is facing a multi-million dollar budget deficit, escalating pension costs, and decreasing NHIS revenues. Should the resolution be adopted, staff would coordinate holding at least two public hearings in the next 30 days to allow the public an opportunity to provide input regarding the composition of the districts before drawing maps of proposed boundaries of said districts. Once map(s) are identified, staff will coordinate three (3) more hearings for public input on the content of the proposed map(s). Staff will be securing a demographer and legal counsel for assistance in the process. Mr. Haydon pointed out the City already has a long history of electing Latinos to the City Council.

Councilmember Boysen asked if there was insurance in place that might cover legal costs to the City.

City Manager Haydon responded that there was no insurance for this situation. The costs would be paid from the General Fund.

Councilmember Waterfield asked for clarification on polarized voting as there are currently three (3) Latinos on the Council.

City Attorney Trujillo responded that, under the CVRA, causation is not a factor. Even if a minority candidate were to lose due to non-racial causes, under the CVRA, that would constitutre a violation if racial polarized voting occurred in the last election. Racial polarized voting is defined by the Elections Code as one racial group voting differently than another group.

Councilmember Moats asked if non-Hispanic, Caucasian, people were the only ethnic group not considered a protected group.

City Attorney Trujillo responded that the statement was correct. Caucasians are not a protected class.

Written Communications & Public Input

Chief Deputy City Clerk Garietz indicated that staff received two (2) written communications from Eileen Trujillo, widow of former Councilmember Leo Trujillo, and Andy Caldwell of COLAB in opposition to the transition to district elections, and one (1) written communication from Lanny Ebenstein in support of the transition to district elections.

Don Casebolt, Jane Baxter, Vibiana Saavedra, Mary Jacka (representing LULAC), Hazel Putney (representing CAUSE), Gale McNeeley, Hector Sanchez, Kathy Sharum, Sandra Espino, Pati Cantu, Elizabeth Schneider, Janet Cruz-Reyes, Virginia Esparza-Gonzalez, all spoke in support of the transition to district-based elections. Andy Caldwell (representing COLAB) spoke in opposition to the transition. Because they created a disturbance at the meeting, Elizabeth Schneider and Pati Cantu were asked to leave the Council Chambers.

Council Discussion

Councilmember Boysen commented that most of the City's issues were citywide issues and the Council truly represents all of the citizens of Santa Maria. Deciding to transition to district elections will not change the City's issues. He explained that he would be just as responsive to persons outside his district as he would be to those within. He closed his remarks saying he would be in support of going forward with districts and he was looking forward to hearing from the public at the hearings.

Councilmember Moats indicated he would support the item.

Councilmember Cordero expressed concern that districting would limit the people eligible to run for office. He stated there would probably be a cost involved with the transition to districts, and that those costs would be revealed as the process unfolded. He said the 5,000 people who had previously signed petitions for districting was only a small portion of the City's 29,000 registered voters. He closed his remarks saying he was cautiously supportive of going forward with the item because of unintended consequences.

Councilmember Waterfield spoke about various projects the Council has approved to improve parks and programs for City residents. She said that she felt the Council always tries to do what is best for the City's approximately 105,000 residents and she felt the Council was being forced to go forward with district elections. She also commented on her concern regarding some of the speakers' comments.

Mayor Patino gave an example of four (4) potential districts, one with 500 registered voters and another with a thousand registered voters. She stated she didn't see how someone might think that the election would play out equally based on those numbers. She reiterated that the Councilmembers always consider all residents and treat the issues with equality. She said she regretted that the idea of district elections was so divisive to the community.

Resolution No. 2017-21 was adopted declaring the City's intention to transition from an at-large election process to a district-based election process for City Councilmembers, on motion by Councilmember Boysen, seconded by Councilmember Cordero, and carried on the following vote: 3-2

AYES: Councilmembers Boysen, Cordero, and Moats
NOES: Councilmember Waterfield and Mayor Patino
ABSENT: None
ABSTAIN: None

Resolution No. 2017-21 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, DECLARING ITS INTENTION TO TRANSITION FROM AT-LARGE TO DISTRICT-BASED ELECTIONS PURSUANT TO ELECTIONS CODE SECTION 10010.

6. 2ND QUARTER FINANCIAL REPORT 2016-17. The City Council considered the Quarterly Financial Report for the second quarter of 2016-2017; and a Budget Amendment report to approve operational changes to the 2016-17 Budget.

Director of Finance Harvey gave a presentation as detailed in the Council Agenda Report. The beginning fund balance was $10,071,910 as of July 1, 2016. Sales tax receipts through the second quarter of the year were $3 million greater than last year, however, the increase was directly related to the end of the triple-flip (one quarter of the City's sales tax revenue had been retained by the State to guarantee their bond payments; later in the year, the State reimbursed the City through property tax revenues that were meant for the schools).

NHIS revenues were at about $1.3 million, an increase from last fiscal year of over 73 percent. This significant increase was due primarily to Windset Farms' excavation project which completed in October. In December, Chevron notified the City that they would not be hauling NHIS from their Guadalupe Restoration Project to the landfill for the remainder of 2017. This, coupled with the recent wet weather, caused NHIS revenues to fall substantially. Staff does not anticipate any increase in NHIS revenue this year and expects a year-end total of $1,600,000 with lower expectations for 2017-18.

Permit revenues were at 72.8 percent, approximately $2.2 million, a $908,890 increase over last year. General Fund expenditures were at 41.6 percent of budget and were on course to realize $1.8 million in salary savings to help address the budget deficit. However, expenditures are expected to exceed revenues by about $2 million.

Measure U2012 revenues through the second quarter were on budget at $2.2 million. Expenditures are at $2.3 million. The Measure U2012 Fund balance was reduced about $309,000. Based on the current pace of expenditures over revenues, the Measure U2012 Fund balance will be exhausted mid-way through fiscal year 2017-18. Therefore, Council will need to make some adjustments at the mid-cycle budget review in June to maintain a positive fund balance.

With the Enterprise Funds, water and wastewater revenues exceeded expenditures by nearly $3.4 million. Expenditures included the semi-annual debt service payment for the 2012AB Refunding Bonds in the first quarter of approximately $3.8 million which included the principal portion for the year.

In closing, Ms. Harvey reported that, in the Solid Waste fund, revenues exceeded expenditures by $1.2 million.

Councilmember Boysen asked if the recent heavy rains reduced the City's water revenues.

Director of Finance Harvey responded that revenues were actually up due to increased rates and recent sales of water to Montecito and Guadalupe.

Public Input
There were no requests to speak.

Council discussion
There was no Council discussion.

Resolution No. 2017-22 was adopted approving budget amendments to the 2016-17 fiscal year and authorizing the City Manager to implement same, on motion by Councilmember Waterfield, seconded by Councilmember Boysen, and carried on the following vote:

AYES: Councilmembers Boysen, Cordero, Moats, Waterfield, and Mayor Patino
NOES: None
ABSENT: None
ABSTAIN: None

Resolution No. 2017-22 adopted. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA MARIA, CALIFORNIA, APPROVING AMENDMENTS TO THE 2016-17 BUDGET AND AUTHORIZING THE CITY MANAGER TO IMPLEMENT SAME.

REPORT BY CITY MANAGER:
City Manager Haydon reported the next City Council meeting would be on March 7, 2017, and would include the sale of surplus police motorcycles; one subdivision agreement for Bradley West at Enos Ranchos; an Award of Bid for the North Depot Street Improvements; the Measure U2012 Citizens' Oversight Annual Report; and the public hearing for the composition of districts for district elections.

ORAL REPORTS OF COUNCILMEMBERS AND OFFICERS (INCLUDING AB1234 REPORTS):
Councilmember Waterfield reported that she attended a meeting with the Downtown Revitalization Committee; the Annual Police Awards Dinner; and the 54th Annual Employee Service Recognition Dinner.

Councilmember Boysen reported that he attended the Investment Oversight Committee meeting; the 54th Annual Employee Service Recognition Dinner; and the Annual Police Awards Luncheon.

Councilmember Moats reported that he attended the Cruzin' for Life Cancer Center Fundraiser; the Annual Police Awards Luncheon; and 54th Annual Employee Service Recognition Dinner.

Councilmember Cordero reported that he had received several calls recently from community members in appreciation of recent City accomplishments. He stated he had attended the recent Cruzin' for Life fundraiser; the Annual Police Awards Luncheon; and the 54th Annual Employee Service Recognition Dinner. He also mentioned that the Santa Maria Elks 2017 Rodeo would be televised for the first time in many years.

Mayor Patino reported that she attended a Santa Maria Valley Beautiful meeting; a meeting with Pioneer High School regarding student safety; an interview about the Mayor's Task Force; meetings regarding the Elks Rodeo Challenge of Champions Event; a meeting with the Grand Jury; a Community Leader Luncheon; the Recreation & Parks Commission meeting; the Annual Police Awards Luncheon; the 60th Anniversary celebration of the Santa Maria Coin Club where she presented a Proclamation; the SBCAG monthly board meeting; a meeting with the Santa Maria Valley Railroad; the 54th Annual Employee Service Recognition Dinner; a Black History Celebration at Pioneer High School; and spoke on the Ben Heighes Radio Show.

ADJOURNMENT:
There being no further business before the City Council, Mayor Patino declared the City Council meeting adjourned at 9:14 p.m.

APPROVED:

March 7, 2017
Date

Rhonda M. Garietz, CMC
Chief Deputy City Clerk and ex officio Clerk of the City Council

ATTEST:

Rhonda M. Garietz, CMC
Chief Deputy City Clerk

Alice M. Patino
Mayor of the City of Santa Maria